

## Message Text

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16

ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 EB-11 FRB-03 INR-11

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-03

LAB-06 SIL-01 OMB-01 DRC-01 /095 W

----- 061749

P 010619Z AUG 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC PRIORITY 2522

USDOC WASHDC PRIORITY

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E. O. 11652: N/A

TAGS: EFIN, TW

SUBJ: RAILROAD ELECTRIFICATION

REF: A) STATE 149770, B) TAIPEI 41.

1. EMBOFF INFORMED BY MINISTRY OF FINANCE (MOF) OFFICIALS JULY 31 OF DISCUSSION BETWEEN ROC AMBASSADOR SHEN AND EXIMBANK PRESIDENT CASEY JULY 26. AMBASSADOR HAD CALLED ON CASEY TO ATTEMPT SOFTEN TERMS IN EXIM BANK'S LOAN AND GUARANTEE FOR RAILROAD ELECTRIFICATION PROJECT. ACCORDING TO MOF, EXIM HAS OFFERED 20 PERCENT CASH PAYMENT, 40 PERCENT LOAN WITH 8 PERCENT INTEREST AND GUARANTEE OF 20 PERCENT.

2. IN RESPONSE TO ROC APPEAL, CASEY, ACCORDING TO MOF, SAID IF ROC INSISTED ON ORIGINAL TERMS OF PRELIMINARY COMMITMENT (P/C) EXIM BANK WOULD HAVE TO REDUCE NUMBER OR AMOUNT OF OTHER LOANS NOW UNDER CONSIDERATION FOR ROC. ACCORDING TO TEXT OF ROC EMBASSY WASHINGTON TELEGRAM READ TO EMBOFF, HE CONCLUDED BY SAYING "ROC MAY FEEL FREE TO SHIFT SUPPLIERS."

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3. MOF RECOGNIZES CONDITIONS HAVE CHANGED SINCE P/C

ORIGINALLY ISSUED. IT HAS, THEREFORE, INSTRUCTED ROC EMBASSY TO ACCEPT ALL OF EXIM'S PROPOSED TERMS EXCEPT ONE. IT SUGGESTS WHAT IT CONSIDERS REASONABLE COMPROMISE, WHICH WOULD BE 20 PERCENT DOWN PAYMENT (INSTEAD OF ORIGINAL 10 PERCENT), 40 PERCENT EXIM LOAN (INSTEAD OF ORIGINAL 45 PERCENT) AND GUARANTEE OF 20 PERCENT (INSTEAD OF 22.5 PERCENT). HOWEVER, GROC DOES WANT TO KEEP ORIGINAL 6 PERCENT INTEREST RATE INSTEAD OF 8 PERCENT NOW OFFERED BY EXIM BANK.

4. VICE MINISTER OF FINANCE WANG SHAO-YU STRESSED TO ECON COUNS JULY 30 THAT GROC WILLINGNESS TO GIVE PART OF RAIL-ROAD ELECTRIFICATION PACKAGE TO US SUPPLIERS BASED ON FAVORABLE FINANCING SINCE TAIWAN RAILWAY ADMINISTRATION (TRA) STRONGLY FAVORED ACCEPTING GEC PROPOSAL. IF COMPROMISE OFFERED BY MOF NOT ACCEPTABLE, HE STATED GROC WILL HAVE TO RECONSIDER ENTIRE PACKAGE. RESULT COULD BE THAT NO US FIRM WILL BE AWARDED A CONTRACT.

UNGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONSTRUCTION, RAILROADS, ELECTRIC POWER, BANK LOANS, PROPOSALS (BID)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974TAIPEI04804  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740209-0511  
**From:** TAIPEI  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1974/newtext/t19740881/aaaacrmx.tel  
**Line Count:** 81  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** A) STATE 149770, B) TAIPEI 41.  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** boyleja  
**Review Comment:** n/a  
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**Review Date:** 12 AUG 2002  
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**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** RAILROAD ELECTRIFICATION  
**TAGS:** EFIN, TW, US, XMB  
**To:** STATE COM  
**Type:** TE  
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